



iKids

Kidscreen explores the children's digital entertainment business

Fall 2012

**Web series
get more
immersive
to engage
kid viewers**



**Ready for a
close-up**

Content everywhere

Two recent developments have a lot to say about the current and future state of the children's digital entertainment business. At E3 2012, Nintendo, Microsoft and Sony announced their plans to tap into the second-screen experience (see "Are two always better than one?" p. 14), making the Wii U, SmartGlass and cross play hot topics of conversation and speculation among the gaming crowd. So it seems, while the mobile games industry continues to soar via smartphones and tablets, console makers are aiming to keep kids engaged in the living room with new experiences that translate seamlessly across platforms.

The second development came on July 25, when YouTube announced the launch of a new production studio in Google's London office that will provide YouTube stars and up-and-coming online content creators the necessary tools to improve the quality of their work. It seems to go against what we expect from YouTube videos, but considering 80% of kids watch YouTube today (Dubit) and big players like Disney now have branded YouTube channels, the bar for quality content has been raised.

Whether through second-screen experiences or more polished web series—many of which have become increasingly interactive (see "Webisodes get immersive," p. 8)—content

creators are zeroing-in on what kids really want and not, for example, releasing apps for the sake of releasing apps.

Still, challenges need to be addressed, especially when it comes to guarding kids under 13 from ads on websites and apps (see "Protecting privacy," p. 4). Here's hoping the business can take its ability to adapt and balance innovation with monetization responsibly.

Cheers,
Jeremy Dickson
Editor, iKids



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Mobile

How revised COPPA rules will impact kids content companies; mobile MUM snaps up preschool series



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Web

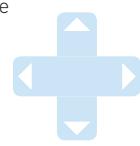
New online series take cues from transmedia trends and get immersive; KingsIsle reaches for MMOG glory with *Pirate 101*



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Console

Why movie-based console video games are offering broader brand experiences; No end in sight for Skylanders' massive growth



<on the cover>

Our fall 2012 cover features Mattel's iconic Barbie as she gets set for the second season of new web series *Barbie Life in the Dreamhouse*



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FEATURE: ARE TWO ALWAYS BETTER THAN ONE?

An inside look at how console makers are competing with mobile gaming by engaging consumers with new second-screen experiences

Connecting the dots

Mid 2012 milestones set to make a mark on digital media this year

JUNE 5

Sony, Microsoft and Nintendo unveil second screen experiences at E3 in Los Angeles



JUNE 15

Disney launches new WATCH apps with Comcast for Xfinity TV customers

JULY 10

Talking Friends web series reaches more than 50 million views on Disney's YouTube channel in less than two months

JULY 30

YouTube launches new production studios for creators to improve content quality



AUGUST 7

Temple Run app races to 100 million downloads in one year

MAY 16

All kids content migrates to digital channels CBBC and CBeebies after BBC 1 and BBC 2 drop kids programming



JUNE 13

Angry Birds wins best licensed program of the year award at Licensing International Expo in Las Vegas

JULY 4

Netflix video streaming service exceeds a record one billion hours of viewing in June

JULY 11

Viacom channels including Nickelodeon go dark for 20 million DirecTV customers in programming fee standoff

OFFLINE

AUGUST 1

The FTC announces new rules that affect how social networks and internet advertisers collect information from kids



AUGUST 16

Facebook's new App Center reaches 150 million monthly viewers



By Brendan Christie

When the US Federal Trade Commission laid down the law for child privacy in 1998, the world was a very different place. Sure, there was an internet and mobile phones had already advanced beyond the bricks we chuckle nostalgically about today. But there were also no mobile apps, SMS, chat rooms or virtual worlds.

In fact, since the Children's Online Privacy Protection Act of 1998 (COPPA) came online in April 21, 2000, the world has changed so much that the FTC decided it had to get with the times. In an effort to do just that, the US government regulator recently began consulting with the public over a list of changes it had

Protecting privacy

Proposed changes to US COPPA regulations will have a direct impact on kids mobile content producers

proposed in September 2011, changes which would redefine the way data is collected from kids under 13 and, perhaps just as importantly, the way parents will sign off on it.

Then on August 1, the FTC issued a revised set of proposed rules based on the enormous public response to the 2011 notice. The revised rules, which expand the definition of "personal information" and take into account third-party advertising networks and plug-in

developers, could go into effect after a 30-day comment period. If kids digital media developers weren't nervous before, they have more reason to be now.

The latest efforts of the FTC come at a critical time as the industry's success with COPPA compliance has been intermittent to date. Some sites do particular things well. Others not at all. A significant number of mobile app developers, however, don't even

/in_the_network

The great app search

According to The NPD Group's new study *Kids and Apps: A New Era of Play*, the Apple App Store is the go-to resource for parents in search of apps for their children. More than two-thirds of parents surveyed look for age-appropriate content and 75% of parents with kids ages two to five search for appropriate apps.

But with more than one million smartphone and tablet apps available across the Apple App Store and Google Play, it's become increasingly difficult for time-starved parents to find learning apps for kids that balance educational and entertainment value.

The good news is a number of new app curation services are now available, including mobile learning app platform and personalized app recommendation engine Yogiplay.

The free, platform-agnostic service, which launched in March after raising US\$1 million in seed funding from DN Capital, is designed for children ages three to eight and their families. Co-founded by husband and wife team Cedric and Michal Sellin, the Menlo Park,

California-based startup currently has more than 45,000 registered users.

Parents can sign up for an account on the site, then choose from a number of Yogiplay-supported age-appropriate, learning apps from developer partners including KwiqApps, The Juno Company and Zannux. The apps are categorized by group, such as art, music, math and literacy, and Yogiplay-supported titles don't have in-app purchase options for kids.

Parents can then sign up for a Yogiplay Parent Center account either on the website or within any Yogiplay-supported app on iOS, Android, Kindle and Nook platforms. By accessing this account, parents can receive customized reports via email that track how long their kids play educational apps and what types of apps they use. Yogiplay's engine then provides personalized recommendations for additional age-appropriate apps from a list of nearly 600.

The recommendations are chosen by the team's group of educational experts, game designers, parents and engineers, who bring



With so many kids apps to choose from, parents are turning to curators like newly launched Yogiplay to suss out content

experience from work with companies including Leapfrog, Sony and Google.

While Yogiplay does include an entertainment category in its recommendation list, the focus remains on learning apps.

"Not everything should be educational, but we make no claim about the educational value in the entertainment apps we recommend. We focus on education first because that's where we see the biggest challenge for parents," says CEO Cedric Sellin. —Jeremy Dickson

know COPPA applies equally to them. Guess what? It does.

The FTC's proposal in 2011 was as much a clarification as it was a whole new set of standards. It pinpointed the "who," and looked to clearly define the "what" and "how" to ensure that if any company targets kids under the age of 13 in the US in any manner with digital content, it knows COPPA applies to its practices.

MAJOR CONCERN ABOUT MINOR PRIVACY

There are many things that COPPA is not. COPPA, for example, doesn't really care all that much about the suitability of your content for kids. Nor does it particularly care about how much money you earn from targeting them. (If sites and apps harvest too much money then it's really about protecting parents, not kids.)

COPPA is really only about protecting privacy, and the FTC's new proposed rules hope to offer kids a more clearly defined safety net when it comes to their app or online adventures.

The central issue when it comes to kids' digital privacy is parental oversight—especially



Photo: Tom Moon

Many mobile developers are unaware that COPPA regs apply to their products. As the FTC mulls over stricter rules around kids' digital privacy, they'll soon find out.



the way permission is garnered from parents. The industry currently relies heavily on a scheme called "email plus." Essentially, kids wanting access to a site have to provide a parent's email address so that the site or app can contact them for sign-off. But it doesn't take much time to figure out the inherent flaw in that particular scheme—and it takes kids even less. The fact is that no one knows whose email address kids really enter.

But the approach was readily adopted by the industry because it's automated, cheap and easy to scale to any application—it just doesn't necessarily always involve parents.

There are alternatives, of course, but they are far from perfect, too. Some services require a parent's credit card number for authorization. COPPA is suggesting the solution might be an authorization that involves referencing a parent's federally issued identification (such as a Social Security card), or even a short video call with parents. One of the FTC's new recommendations is that mobile app developers and ad networks collecting information from kids under 13

don't have the right parental approvals. I think that's really problematic."

Worse still, a more complicated approval regimen may stop developers from launching kid-targeted activities in the first place, and actively discourage innovation. If that's the case, Shai Samet, founder and president of the kidSAFE Seal Program, suggests that increasingly more kids will turn to sites with content not intended for them, such as YouTube and Facebook. (Although, Facebook is looking to revisit its age policy that currently prohibits kids under 13 from having their own account.)

But email plus has other issues as well. Currently, notes Samet, COPPA consent rules are less strict if the information collected is for internal use. If consent rules become more stringent, or the definition of personal information changes to include photos, videos and audio files as the FTC is suggesting it might, then sites will have to have explicit parental permission before allowing children to upload certain photos or videos for contests, even if they are not intended for public viewing.

COMPANIES DOING IT FOR THEMSELVES

At the end of the day, while no privacy protection system is foolproof or ideal, the FTC is hoping it can keep up with the fast-paced mobile and online industry and use its resources to enforce the law with its latest round of checks and balances.

Additional stipulations in the FTC's new proposed rules expand the definition of a "website or an online service directed to children" to include apps targeting kids, and they update the definition of personal information to include cookies and IP addresses.

Smart companies, therefore, have decided to be aggressively proactive.

Disney, for example, recently announced an online safety education drive for Club Penguin with US\$4.7 million in media spend to support campaigns in 100 million households in Europe, the Middle East and Africa. The site, like some other online services, also limits chat functionality to a pre-defined dictionary of words, and invests heavily in robust live moderation. Some sites and apps also offer parental control dashboards.

Sharma points out that child privacy often comes down to the headspace and intentions of the designer. "We're more in the indie developer mentality," he notes. "We only want to use [user] data to make the game better, therefore it can be 100% blind collection."

Some sites have begun turning to third-party sources to make sure their verification systems are robust enough to comply with the suggested new COPPA regulations.

Marshall Harrison, founder and CEO of Westport, Connecticut-based Imperium, developed ChildGuardOnline as an alternative to email plus. ChildGuardOnline seamlessly works with clients to verify parental consent based on simple but hard to fake parental data (from parent's date of birth to the last four numbers of their social security number). The service also offers parents an interface to keep tabs on kids' usage and rescind permissions if they have to.

Sites can also turn to Samet's kidSAFE program or Safe Harbor to be certified as both COPPA compliant, and perhaps more importantly, kid-content friendly.

The one thing that all seem to agree on is that there is no one-size-fits-all solution to child privacy issues. While clarifying COPPA regs will help, ultimately the responsibility lands on parents, developers and the general public—especially the latter, who can devastate the worst offenders by publicly spreading the word online and in their communities. ☐

■■■ A LOT OF DEVELOPERS ARE GOING TO TAKE A LONG, HARD LOOK AT WHETHER OR NOT IT IS VIABLE TO GET PARENTAL CONSENT. IT WILL CALL INTO QUESTION A LOT OF THEIR EXISTING DATA. ■■■

—Stuart Drexler, product developer and brand strategist

become responsible for obtaining parental consent *before* kids can use their services. The organization also wants websites that cater to both children and adults to be able to age-screen all visitors to protect those who are actually underage.

While both are well-intentioned rules, many in the industry who readily acknowledge the flaws of email plus, caution that the alternatives might be worse.

"A lot of developers are going to take a long, hard look at whether or not it is viable to get parental consent," warns Stuart Drexler, an L.A.-based product developer and brand strategist who has worked with huge online properties such as Moshi Monsters and Club Penguin. "It will call into question a lot of their existing data. They will have to re-qualify it in some way shape or form perhaps, or they may have to rip out all kinds of features if they

MOVING VIOLATIONS

Of course, one of the biggest problems when it comes to privacy monitoring on mobile apps is device pass-along. Parents often hand kids their mobiles or tablets to keep them occupied. Ray Sharma, president and founder of Toronto, Canada-based game developer XMG Studio, describes it as a "fundamental issue" with mobile, but also one of the platform's best features.

"It's a control issue," he observes, "unless you start getting users to sign in and authenticate their identity every time."

Sharma suggests this is an area where operating system programmers could make a significant difference by creating safe modes of play or ways in which parents could quickly switch over OS functionality. Like it or not, the OS players are already in the privacy fight so they might consider it.

wellPlayed_mobile MUM builds up its kids brands

By Kate Calder

Since its beta launch last November, multi-platform online preschool channel mobile MUM has not only scooped up some more notable kids properties, but it's also ironing out a Google TV app deal for the end of the year. The platform, which is available on iPad, iPhone and Android devices, as well as online, targets moms as a safe haven for preschool content. It offers parental controls that let kids skip from program to program, while letting parents choose which brands their kids see and how much time they spend on the platform. A simple color-coded interface lets kids pick shows from a parent-approved catalogue, and interstitial games are available for all iPad versions.

Founder and CEO Tim Capper says acquiring licenses was the first step in setting up the platform and getting the attention of parents. So far the freemium subscription-run site has licensed content from Texas-based video distributor NCircle's catalogue, including *The Cat in the Hat Knows a lot About That*, *Sid the Science Kid*, *Pocoyo*, *Mighty Machines*, *The Wiggles*, *Dino*



mobile MUM's inhouse interactive mobile game encourages kids to get outside and collect images of elements in nature

Dan, *LazyTown* and *Noodle & Doodle*. Almost 300 hours of content are available to subscribers at any one time and the site's full library holds about three times that amount. Capper says the site's

back-end analytics track exactly how much each series is being viewed, down to the episodes per user, and he'll be able to use the data for future revenue-sharing reports.

Up to 75% of mobile MUM's audience comes through mobile devices and about 10% access the content through the website, according to Capper. At press time, the subscription base was hovering around 25,000, which he says has been increasing at a rate of 20% per month.

Capper is aiming his business development for two to three years down the road when most households will have smart TVs and sees working on a deal with Google as a strategic first step. "We're building a relationship with Google because it's driving its own platform through OEMs with Samsung, Sony and LG. Through Google we'll establish our own contacts with TV manufacturers to create smart TV platforms for mobile MUM directly," says Capper.

Going forward, expansion plans include adding more interstitial games, digital book apps and an in-house-produced interactive mobile game that encourages kids to go outside and seek out elements in nature such as trees and bugs. □

bits+bytes

Tablet usage among kids ages four to 14 increased by

13%

in 2012 compared to 3% last year

(The NPD Group)

And

84%

of kids ages 10 to 15 who use a tablet say they play games on it

(Newzoo)

But portable gaming systems are the

most popular

devices personally owned by kids ages four to 14

(The NPD Group)

However,

18%

of US families with kids between six and 12 years old plan on buying an iPad 3 in the next year

(Ipsos)



Photo: Apple



By Jeremy Dickson

There's deception in the air. Children's series made specifically for online platforms may not be what they appear. At first look, many offer live-action or animated storytelling and gaming elements. Most also offer feedback sections, blogs or links to social networking sites like Facebook or Twitter. But look closer and you'll see that a number of new original series, and series based on existing IP, have taken the idea of the immersive multi-platform experience and turned it on its head.

Adding more interactivity to web series is quickly becoming the norm given that online content creators now have serious competition from mobile apps. According to global app measurement company Flurry Analytics, so far in 2012, online video consumption has dropped by 10% while mobile app video consumption has shot up 52%. As kids' entertainment habits change—with them placing greater emphasis on interactivity, mobility and gaming—content creators have had to rethink what makes suitable fodder for web series and reexamine the features that will command the attention of today's on-the-go kids.

LIGHTS, CAMERA, LIVE ACTION!

New COPPA-compliant, digital platform KickinKitchen.TV, from Boston, Massachusetts-based multimedia company KidsCOOK Productions, features a scripted comedy web series aimed at tweens, teens and parents that promotes cooking, healthy eating and active lifestyles.

The series, which soft-launched on January 31, and is executive-produced by KidsCOOK's founder and CEO Natasha Lance Rogoff (Sesame Street International), blends fun educational content, music and interactivity as it follows four teens making an online cooking show. Fans can play food-related games, learn nutrition facts, enter contests, follow step-by-step recipe instructions and connect through Facebook, Twitter and Tumblr. The site also includes user-generated content, such as a recipe exchange



Webisodes get immersive

section where kids can upload videos and pictures of their own kitchen creations.

To date, 13 x five-minute episodes have been shot and a partnership with the New York City Mayor's Office of Media and Entertainment sees shorter two-minute episodes air on NYC Life (Channel 25) and in more than 13,000 NYC taxis. (Funding for the filming and production of the first set of webisodes and other website content came courtesy of a Phase 1 USDA-NIFA government grant in 2011.)

As KickinKitchen.TV looks to grow, its team is currently in discussions with several broadcasters for a half-hour TV series, and the platform is aiming to launch health-themed gaming apps.

"We think there are incredible opportunities to launch content of various lengths and formats that has smart, entertaining and educational interactive components," says Lance Rogoff.

"The kinds of sites that have done well, like Club Penguin, have usually benefited from co-branding campaigns that promote interactivity."

Besides KickinKitchen.TV, another live-action web series that launched recently is *Totally Random* from Mountain Road Productions in Ottawa, Canada.

The online sketch-comedy series and non-commercial social networking site of the same name aimed at kids seven to 13 is funded by the Canada Media Fund's Experimental Stream. It lets users create and edit their own digital stories, choosing from a library of random animation and picture elements labelled "seeds."

Once the stories, called SnowBalls, are saved on the site, kids can tag their favorite ones, and every two weeks the most innovative SnowBalls get incorporated into kid-hosted, bi-weekly webisodes. The first and second 12-minute eps launched on April 1 and 15, respectively, and the third ep of the 12-part series is slated to bow September 1.

Mountain Road claims it is the first web series of its kind to feature this type of user-generated content and the prodco's president



GO WHERE THE KIDS ARE

Aside from indie prodcos upping their game with new immersive experiences, larger entities are digging deeper to reach kids across platforms, too, especially on YouTube.

Disney Interactive's new original live-action web series, *Power Up*, launched in March and provides an inside look at the world of video gaming.

Hosted by teen YouTube music sensation and avid gamer, Christina Grimmie, the series reaches a broad kids and family audience through distribution on YouTube, Disney.com and Xbox 360. In addition to offering reviews of popular mobile, console, casual and social games and original songs and music by Grimmie, the eight-episode series features unique comedic, game-based skits that star other popular YouTube stars.

"We're always looking at how much we can play with interactivity and make sure that we're immersing in a smart way, whether through Disney's new YouTube channel, Facebook for our older audience or Twitter," says Zadi Diaz, Disney Interactive's head of content development.

To create new storylines from existing properties, Disney is also turning apps into webisodes with the launch of a 12-episode series based on its hit app *Where's My Water?* later this year. A smart move considering its new *Talking Friends* app-based web series garnered more than 50 million views on Disney's YouTube channel in less than two months after its June release.

ANIMATION INNOVATION

On the animation front, Mattel launched the first season of its new 14-episode *Barbie Life in the Dreamhouse* "reality" series online and for smartphones and tablets in May.

The CGI-animated show features three-minute webisodes that air every Friday and star Barbie, her sisters and, of course, long-time boyfriend, Ken.

Along with features such as maps, avatars, games and rewards, a complementary Barbie social network for girls adds an extra layer of

Barbie and co. get the "reality" treatment in new animated and interactive web series *Barbie Life in the Dreamhouse* (left) that's had 25 million views since its May launch, while indie Mountain Road Productions has launched the user-generated online series *Totally Random* (above)

interactivity. B Friends is a COPPA-compliant network that offers the experience of having real-time conversations within Barbie's circle. A team of 20 people monitors the network, which refreshes every time a new video launches.

Working with a large team of more than 200 professionals on the series, Mattel VP of marketing for Barbie, Lisa McKnight, says that although Barbie is an iconic IP, her personal story had never really been told, hence the creation of the web series.

"The series is a huge priority for us, and since May we've already had 25 million global views, which is phenomenal," she says.

With the first season now available in 21 languages, *Barbie Life in the Dreamhouse* season two (pictured) is set to launch this October and Mattel plans to invest in third and fourth seasons into 2013. It's also considering launching console games and apps based on the series.

Over at PBS Kids Go!, the Thirteen/WNET-produced *Oh Noah!* original web series for kids ages six to eight is currently the only public media IP designed to introduce kids to Spanish. This is done through games embedded in the free webisodes for seasons one and two.

Oh Noah! executive producers Sandra Sheppard and Jill Peters collaborated with writers Louise Gikow and David Matthew Feldman to develop the webisode scripts and the game concepts. The webisodes are designed and produced by Renegade Animation, with Bluemarker Design creating the website and games. According to Sheppard, the games are among the most unique features on the site.

Looking ahead, *Oh Noah!*'s producers are hoping to secure funding for a third season, which would include a groundbreaking new adventure game—the first designed to immerse children in context-driven, interactive language learning. They also plan to explore mobile apps and interactive eBooks. □

Take the influence of transmedia concepts among the C-class, add the ever-increasing popularity of mobile apps with kids and sprinkle it with a growing demand for short-form content. What do you get? A whole new crop of innovative online series.

Tim Alp says getting kids to be more creative was a key goal.

"Parents are always looking for comfortable, safe places for their kids to go online that offer more than just mind-numbing games—somewhere they can be more creative, fun and get their minds working. That's what we offer," he says.

Plans for the series include the launch of a broader marketing campaign and an upgrade to the site's online photo editor to incorporate video, as well as the creation of a mobile app based on the tool.

wellPlayed_KingsIsle continues quest for MMOG booty

By Gary Rusak

Creating an MMOG that keeps fickle kids coming back for more has been an elusive goal for many entrepreneurs. And designing two successful ones is almost unheard of. However, that is exactly what Austin, Texas-based KingsIsle Entertainment is endeavouring to do.

The company's family-friendly *Wizard101* MMOG (launched in 2008) just surpassed the 30-million registered users milestone.

"We had a kooky idea to bring together the Harry Potter wizard school idea with Pokémon, Yu-Gi-Oh! and a Narnia-type feel," says J. Todd Coleman, KingsIsle's VP and creative director.

The MMOG, which borrows from the collectible trading card game model, offers customers either subscription or pay-as-you-go options. (*Wizard 101* credits are available via pre-paid cards that have distribution in 65,000 retail outlets across the US, including Walmart and Target.) While KingsIsle is a private company and doesn't release financials, with subscriptions running at US\$9.95 a month and a host of pay-as-you-go micro-transaction options, it's fair to say *Wizard 101*'s revenues have

outstripped original forecasts, which were initially based on the game attracting 100,000 users.

With a lockdown on the core eight to 12 demo (equally split between boys and girls), KingsIsle has just gone into beta with its anticipated follow-up *Pirate101*.

"It's nerve-wracking as a studio," says Coleman. "If you want to take the list of those who managed to follow-up with another successful MMOG hit, you can probably count them on one hand and have fingers left over."

Pirate101 takes place in the same universe as *Wizard101*, but will feature different worlds and perspectives of the same environments. The new game is a "rogue with a heart of gold redemption quest," as opposed to *Wizard*'s hero journey, and the creators are looking to capture a similar demographic.

"You see the same universe, but it's flipped on its head," says Coleman. "The pirates go places where the snobby wizards wouldn't deign to."

With the same revenue model in place, cross promotions on the *Wizard101* site and the initial support of mass-market retailers, KingsIsle is hopeful that it can repeat its first success.



Set in the same universe, new MMOG *Pirate 101* hopes to strike a chord with hit predecessor *Wizard 101*'s 30 million registered users

bits+bytes

83%

of parents monitor their children's privacy settings on their networks, and 78% are their kids' friends on kids' social networks
(Ipsos)

More than 50% of 11-year-olds have a profile page on a social network, and

94%

of all kids with profile pages have one on Facebook
(Ipsos)



For tween girls in the US, UK and France,

over a quarter

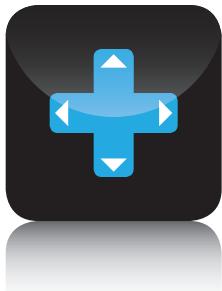
of their total time online is spent gaming
(Newzoo)

45%

of teens sometimes get frustrated with their friends for checking social networking sites while hanging out together

(Common Sense Media)





Thinking horizontally

By Brendan Christie

Once upon a time, a movie-based video game offered players a chance to relive the film, become the characters they loved and experience the big-screen action. Not anymore.

Video games have become much more ambitious, especially on console systems, where the budgets are bigger and development takes much longer. In fact, they now aim to play an active role on the brand continuum, and add dynamism and definition to the property.

"Ten or 15 years ago, the game used to be the third or the fourth project in," recalls Valérie Hénaire, production director at Ubisoft's Montreal, Canada-based studio, who headed up work on its recent *Marvel Avengers: Battle for Earth*. "Now it's not as vertical as it used to be—it's more horizontal. It's not treated as advertising. We're working around the same bible

and style guide, but we're not just merchandising for the movie," she says.

"We're trying to engage the public. You will have the video game and the mobile game and a website as well—all following parallel universes, but all tied into the same brand. If you don't brand your project, you won't last."

Steve Baldoni, executive producer at L.A.'s D3Publisher, agrees. "We would rather concentrate our efforts on expanding the universe of the licenses. We want to offer more of the properties than the users would otherwise be exposed to," he says.

D3Publisher has worked on movie adaptations such as *Madagascar 3: The Video Game* and *Rise of the Guardians: The Video Game*, as well as adaptations of TV properties like *iCarly* and *Ben 10*. Baldoni says content originators are often glad for the opportunity to work with

When it comes to movie adaptations for consoles, it's no longer about cloning—it's about building a whole new experience

his team because they get a chance to use ideas or creative that may have been cut from the original content. "Many times, their turn-around times are a lot shorter than ours," he notes, "so we can do things they can't."

The key to success is getting all parties to work closely before they go to market.

Hénaire says her team has frequent contact

L.A.'s D3Publisher worked closely with DreamWorks Animation on its *Madagascar 3* video game to offer new locales and a more in-depth story



with the IP owner throughout the process, sending videos and builds, and setting important milestones for review and comment. They work together to identify key creative components such as writing, voice talent and music.

Baldoni notes that his team benefits from any visual assets the licensor can share, like existing animations or environments, because it gives them a head start in the development cycle.

While the developer is responsible for the creation of the game, with so much work being done simultaneously, it behooves IP owners to be proactive. "The brand owner has to be involved," asserts Hénaire. "Whenever brand licensors are not involved in the project enough, it will suffer."

Despite increased pressure from social media and mobile gaming, console developers and studios are anything but gun-shy. In fact, they appear to have taken it all in stride.

"I would say we are more ambitious," contends Hénaire. "We're no longer talking about a title, we are talking about an experience—a universe. I think we spend more time on conception and pre-production than we used to because we have to make sure that [the game] ties in, and that each device will bring engagement from the players and fidelity to the brand. We are not porting [to different devices] anymore. We try to complement the experience."

But while developers are getting more ambitious, and advancing game technology is putting increased demands on resources, both Hénaire and Baldoni say development times and costs have generally remained stable because the need for more resources is being offset by institutional knowledge, experience and expertise.

Nor does new competition mean that developers are entrenching. D3Publisher, for example, recently released its first game app, *Madagascar: Join the Circus!*, which was downloaded over two million times in its first two months on the market.

"This is the very beginning for us," notes Baldoni. "There is a different set of rules for apps, but we still have to meet the expectations of the licensor and brand scrutiny, and we have to focus on compelling game play."

It also means managing the title after release, including software updates and new content rollouts. But Baldoni is excited by that prospect. "You have more opportunities," he says. "The game only gets bigger as more people play. It's almost like an MMOG in some ways." □

GAMING GETS SOCIALLY SECURE

Adapting movie franchises for social media can translate into millions of users

Social media's most redeeming quality may be that it solves as many problems as it creates.

While traditional media may bemoan consumer attention lost to status updates and pointless chatter, social has also created an international community perfect for propagating mass-media properties.

At least that's what New York-based online game developer Funtactix believes. Funtactix was the first company to offer a movie-based Facebook game, at the end of 2011, with *Mission: Impossible The Game*. It has since gone on to announce partnerships with Warner Bros., Paramount and, most recently, Lionsgate for its franchise *The Hunger Games*.

CEO Sam Glassenberg says he got a glimpse of the future during his previous stints at Lucas Arts and Microsoft. "I saw the writing on the wall," he says. "There was a huge transition to online taking place—and while we didn't yet have social, we had micro-transactions and gaming as a service. I could see all of our partners scrambling to get their franchises up and running in the browser. But the projects were going way over

budget and schedule because the big game publishers just didn't know how to handle these platforms."

Enter social media. Social gaming has many advantages over console. It opens titles up to a potential internet-connected audience in the millions. Content can be updated daily and even bridge the gap between the release of sequels. It also offers real-time consumer feedback, and development takes months, compared to the several

years required to produce a Triple-A console title. Social game play also doesn't rely on ninja-like hand-eye coordination either, so more people can enjoy it. Group games can be played asynchronously, so that they conform to the individual user's social media routine. It also generates revenue. In short, that's a lot of pluses.

"We live at the intersection of marketing and consumer products," observes Glassenberg. "And whereas marketing is traditionally very focused on opening weekend, and consumer products is interested in generating long-term revenue, what we do is take an audience that is excited about the movie and opening weekend and keep them engaged over many months and years."

Funtactix has worked closely with the movie creators on all of its film properties. The game *Rango: The World* was written by Jim Byrkit, who also wrote the Paramount animated feature. The company also worked with bestselling author Suzanne Collins on *The Hunger Games Adventures*.

Integrating IP creators allows Funtactix to play a significant role in the evolution of the content. For *The Hunger Games Adventures*, for example, Funtactix was the first media outlet to release the map of Panem, the world in which the franchise takes place.

"The [online] community actually contributes to the universe. And I think what is really exciting, especially longer-term, is that we are starting to see that feedback go back to the creators of the property so they have an idea of which characters their audience likes and are excited about. That can then contribute to the creation of sequels and other content."

The Funtactix CEO also makes an important observation—most game players quickly begin to spend far more time in the branded virtual worlds than they did watching the movie or reading the books. That's exactly the sort of engagement that would make the Game Masters of Panem proud. -BC



wellPlayed_Skylanders' giant-sized success

By Jeremy Dickson

To say the Skylanders franchise has had a good year so far would be a huge understatement. Between January and the end of April, the Toys For Bob-developed *Skylanders Spyro's Adventure* was the number-one bestselling console and handheld video game title worldwide based on revenue (including toys and accessories), according to The NPD Group, GfK and Charttrack. Sales of Activision's individual Skylanders toy figures have also exceeded 25 million units at US retail since the launch of the property last October.

Whether you believe the concept is a cash-grab disguised as innovation or not, Skylanders has managed to successfully merge a virtual world and physical toys across video game consoles and continues to resonate with kids.

Skylanders Spyro's Adventure and its soon-to-be-released sequel *Skylanders Giants* (out this fall) allow kids to bring physical toys to life digitally through the game's portal of power and feature battles, puzzles, treasure hunts and rewards. In-game character histories can also be

Activision's *Skylanders Spyro's Adventure* was the number-one bestselling console and handheld video game title worldwide from January to April 30, 2012



transferred across platforms, adding a seamless element to the gaming experience for kids.

Both titles are available across platforms including Mac and PC computers and Wii, Xbox 360 and PlayStation3 consoles. *Giants*, however, will have advanced integration to include mobile devices, the online Skylanders Universe world, and the Nintendo 3DS handheld system through developer n-Space. The sequel will also feature 16 new giant-sized characters and an element called LightCore, where Skylanders toys and in-game characters light up when transported across the portal of power.

Alex Ness, Toys for Bob's chief of staff, says Skylanders' success has come from more than just the creation of a cool, original concept.

"With Skylanders, we gave players the chance to actually bring their toys to life in a video game. But that's just the hook," he says.

"If we didn't deliver quality toys and a quality game, we would probably be relegated to nothing more than just a gimmick."

Looking to ride the wave of success, the IP now boasts more than 100 licensees worldwide and has expanded across mobile with *Skylanders Cloud Control* and books and apps from Penguin. □

bits+bytes

Households with kids own an average of

10

different devices including consoles, portable game systems, tablets and digital video cameras

(The NPD Group)



Share of game console usage by 12- to 17-year-olds

more than triples

their share of TV or DVR usage

(Nielsen)

48%

of teens spend time with console gaming in a social environment, such as a living or family room
(Nielsen)



LEGO Batman 2 was the best-selling title in June, 2012 moving

450,000 units

across all platforms
(The NPD Group)



Sony's new cross-play functionality for the PS Vita and PS3 lets players battle each other regardless of the Sony console they use

Are two always better than one?



How the second-screen experience is set to impact the kids gaming industry

S

ix years ago, the big three console makers, Nintendo, Microsoft, and Sony, ruled the video gaming world for kids and adults. A year earlier, Nintendo launched its groundbreaking Wii system and Microsoft introduced its second-gen Xbox 360. In 2006, the Sony PlayStation 3 arrived. But just two years later, mobile gaming changed everything with the entrance of the Apple App Store.

Since then, the big three have been forced to adapt, offering more comprehensive digital downloads, new handheld iterations (Nintendo 3DS, PlayStation Vita), and advanced motion and voice-controlled hardware (Microsoft Kinect).

Currently, the five-to-seven-year sales cycle for new consoles is nearing its end, and despite the new innovations, sales of casual and social mobile games continue to eat into console profits. In July, US retail sales of video games declined for an eighth-consecutive month, leaving console makers in a tough spot. So, with skyrocketing sales of apps and the rise of mobile gaming among consumers in general—and kids in particular—creating a much more competitive landscape, the big three have been pushed to prove that the living room is still the ideal place for gaming. Their solution? Engage consumers with new second-screen experiences.

It's a timely move considering the fact that multi-tasking, tech-savvy children are increasingly using more gadgets at home, and mobile devices on the go, at younger ages. According to nonprofit organization Common Sense Media, roughly 40% of US two- to four-year-olds, and more than half of kids ages five to eight, are using smartphones, video iPods, iPads or similar devices.

The good news for console makers is even though a wider variety of TV, movie and gaming content can now be streamed across multiple platforms for people on the go,

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there's proof that the living room remains an important social gathering place for families to watch TV and use consoles.

According to results from Eurodata TV's recent *International Kids' TV Trend Report*, children in the US logged three hours and 39 minutes a day in front of the boob tube in 2011, and the Entertainment Software Association notes that 49% of all American homes now have a video game console. Moreover, many mobile gamers actually prefer the living room. A new PopCap Games survey of US and UK mobile gamers revealed that the living room is the location of choice to play mobile games, not on a bus or a train as one might suspect. And notably, 48% of US teens also spend their time using consoles in a social environment, such as a living or family room (Nielsen).

In addition, research shows that delving into second-screen home gaming may be a natural progression for console makers. A late-2011 Nielsen survey of connected-device owners in the US, UK, Germany and Italy found that 88% of tablet owners and 86% of smartphone owners said they used their device while watching TV at least once during a 30-day period. The same study also revealed that 45% of Americans use their mobile devices while watching TV on a daily basis.

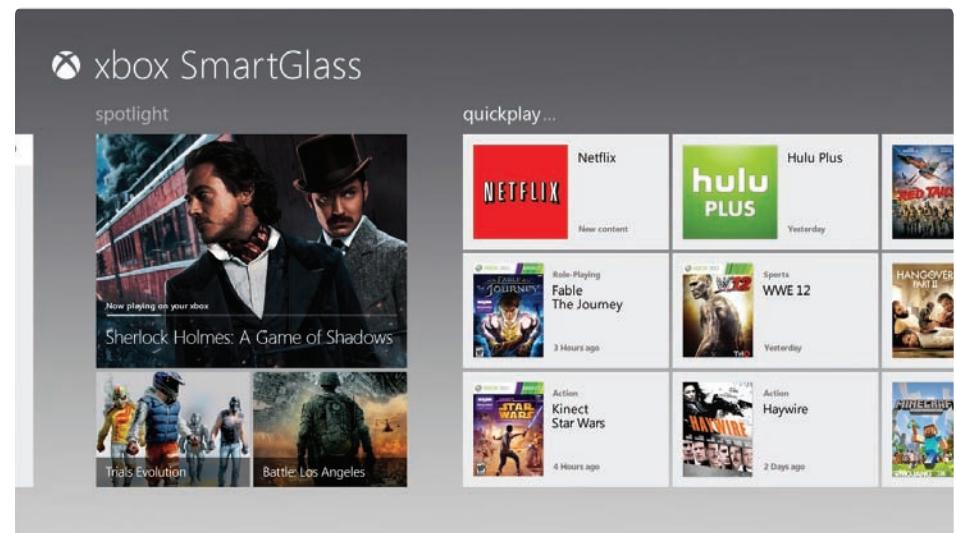
In fact, if this year's edition of E3 was any indication, the big three console manufacturers have placed a laser-like focus on ensuring second-screen engagement stays firmly in the living room. They unveiled innovative new products and enhancements that tap into the reality of the connected living room, offering multiple-screen experiences and more integrated social and mobile gaming options.

THE SOCIAL FACTOR

"The biggest trend we are seeing right now is the multiple-screen trend and the Starship Enterprise kind of entertainment control in your living room," says Martin Rae, president of the Academy of Interactive Arts & Sciences in California.

"Gaming is right at the heart of it. People want their video games to be social, and they love to interact and control outcomes."

Since Nintendo showed the world a sneak-peek of its second-screen experience—the high-definition Wii U and touchscreen GamePad—at E3 in 2011, and unveiled a more detailed preview at this year's event with more than 20 new games and demos, the industry and fans have been buzzing about the device's



Microsoft's free downloadable *SmartGlass* app lets users start watching a movie on a tablet and finish it on a TV with one touch

imminent official launch.

Being the first out of the gate to launch a new system, the pressure for Nintendo to deliver is huge, especially considering the company's recent US\$220 million net sales loss in Q1 2012.

The Wii U offers a new home gaming experience with the addition of a 6.2-inch LCD touchscreen GamePad controller that allows users to connect to the new console wirelessly and move content from the device to the TV.

Along with the touchscreen, other GamePad features include dual analog sticks, triggers, motion control, rumble features, a front-facing camera for video chatting, a stylus, and infrared TV remote capabilities. It supports Wii accessories such as the nunchuk, classic controller and the Wii balance board. Additionally, up to two GamePads can connect to a Wii U console simultaneously, which allows for multi-player functionality. The console also supports up to four Wii remote (or Wii Remote Plus) controllers or Wii U Pro controllers.

On the touchscreen side, the GamePad enables easy access to maps and menus, provides different gaming perspectives, and can be used as a standalone device for web browsing, playing select games or watching videos. (Nintendo is working on deals with Netflix, Hulu Plus, Amazon Instant Video and YouTube.) Users can also easily transfer games they were playing on their TVs over to the GamePad, if someone else wants to watch a show, and the system is backwards-compatible with the Wii.

"The GamePad second-screen experience is what we call asymmetric gameplay," says Matt Ryan, communications manager for Nintendo Canada. "For kids, it's a new way to play that

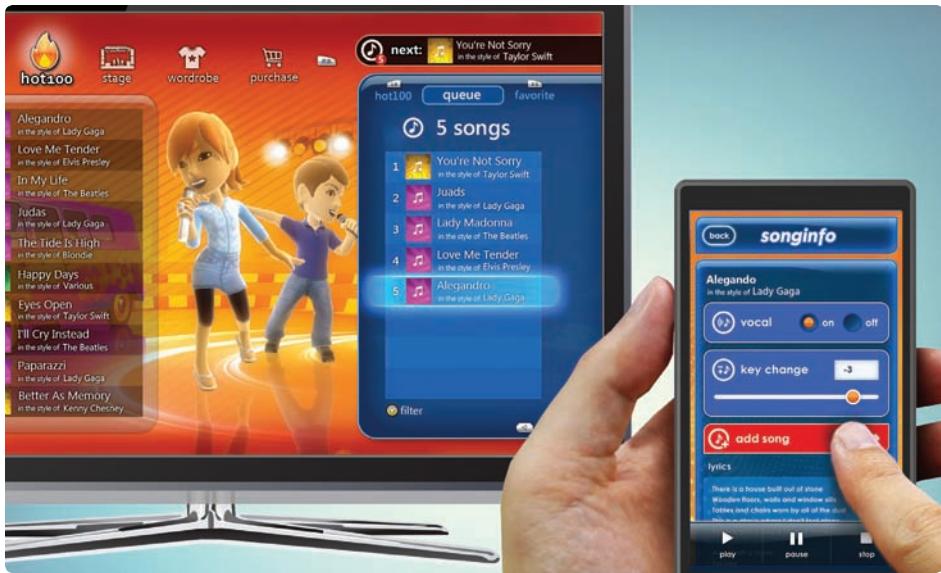
offers different perspectives and gives them different responsibilities within games, therefore making it more social and fun," he contends.

"If you're playing a multi-player game, up to four players using Wii remotes can have a specific experience looking at the TV screen while an additional person plays the same game on the GamePad, but has a completely different experience not looking at the TV."

One new title, *Luigi's Ghost Mansion*, showcases this experience particularly well. The game is expected to be included as a mini-game within *NintendoLand*, which will serve as introductory software for the Wii U, much like *Wii Sports* did for the Wii. In the game, four players using Wii controllers act as ghost hunters trying to find a fifth player, a ghost (the GamePad user) that can make itself invisible. What makes the game's second-screen experience unique is that the GamePad player can see the ghost hunters, but the hunters also have the ability to gang up on the ghost by locating light flashes that temporarily disable the fifth player's invisibility.

"The Wii U's second-screen experience offers something you can't get anywhere else, and being able to take turns playing as the GamePad user will make it more fun for families. We expect the living room to be very loud," adds Ryan.

In *Super Mario Brothers U*, another new game launching this holiday season featuring co-op play, in which the GamePad user can help other players get through levels by tapping the screen to create platforms. More cooperative play can also be had in *NintendoLand's Legends of Zelda Battle Quest*.



"For this game, players watching the TV screen can use Wii remotes as swords and work cooperatively to get through puzzles and complete levels," explains Ryan.

"An additional player, who only views the GamePad, can hop in with a bow and arrow and use motion control to actually protect the other players because the person with the bow is positioned behind them in the game."

To attract a larger audience, select Wii U games will be available as digital downloads through Nintendo's eShop or for purchase as packaged software at retail outlets. Nintendo is even branching out to please more hardcore gamers with its upcoming first-person shooter title, *Zombie U*, from third-party developer Ubisoft. In this much-hyped game, players use the GamePad's second screen to grab items, scan maps, switch weapons and find things in the main character's backpack. The catch is that the game on the TV screen never pauses, meaning friends who are watching in the living room may need to jump in and help by alerting a player when zombies are near.

Another more kid-friendly third-party title that leverages the second screen is *Batman Arkham City Armored Edition* from WB Games' Montreal, Canada-based studio. In this outing, when Batman looks at his wrist on the TV screen, his wrist-mounted Bat computer pops up on the GamePad's screen and can be used for selecting gadgets, upgrading gear and tracking evidence.

Warren Buckleitner, editor of New Jersey's *Children's Technology Review*, says fun games that allow a certain level of social interaction are what Nintendo does best.

"Nintendo has been famous at mining the

affordance of the media, meaning when it develops a new technology, it doesn't just make it work by itself, it integrates the technology with other components," he says.

"Nintendo also has the ability to create products that kids really want."

But with so many bells and whistles surrounding the Wii U's new gaming hardware, could second-screen experiences in general be too much to manage at first? Rae believes there will be pitfalls and opportunities.

"I think multiple screens in some ways will be extraordinarily distracting and create clutter, but when people do it right, it's going to be really cool," he says.

"I think the Wii U is intuitively trying to get there. Some people say you only need analog sticks, but I think you just need to create great content and the kids will figure it out. It never ceases to amaze me how quickly kids pick things up when it comes to gaming and new technology. It's second nature to them."

One key feature of the Wii U that taps into social networking is Miiverse. While scant details have been revealed, it is a new proprietary social network that lets players use their personalized Mii characters to share information with friends, post game challenges and messages, and discover new content.

Over at Microsoft and Sony, whose next consoles have yet to materialize, creating easier, more social and mobile experiences for users is also taking center stage.

APP INTEGRATION

While retail sales of video games have suffered, Microsoft continues to lead the way in console sales. According to NPD, the Xbox 360 was the

top-selling console in June in the US for a remarkable 18th-consecutive month. Microsoft's entertainment and devices division's revenue also grew by 20% for the fourth quarter of 2012 and by 8% for the full year.

In efforts to enhance the Xbox gaming and entertainment experience, Microsoft introduced its own type of second-screen experience—*SmartGlass*—at E3.

Essentially, it's a free downloadable app for Xbox that people can use on their phones and tablets that allows them to control what is seen on the TV.

Scheduled for a holiday release, it will first be available for Windows phones or tablets, then across other platforms including iOS and Android devices. The fact that it won't be device-specific sets it apart from the Wii U, but some features are similar.

For example, if a user starts watching a movie on a tablet, but wants to finish it on a TV, the app allows for a seamless content

Microsoft *SmartGlass* lets users control a currently untitled karaoke game (top left) with their mobile devices, and Nintendo's new Wii U GamePad (right) features touchscreen and traditional controls



transfer to the Xbox 360 with a simple touch. Users can pick up right where they left off and, according to Microsoft Xbox Live senior product manager Lisa Worthington, the company is looking at ways to reverse the process and enable people to take content (movies, TV, music and games) from the Xbox to their mobile devices.

"Not only does *SmartGlass* give people the ability to move media and control it, but it also includes an interactive layer where the second screen actually acknowledges what's happening on the Xbox," Worthington explains.

While no kids content has been announced with this feature yet, Microsoft's work with HBO fantasy series *Game of Thrones* showcases the functionality. When the series is playing on TV, an interactive map will automatically pop up on the viewer's second-screen tablet or phone and offer a more immersive experience. Additional in-depth information, such as behind-the-scenes footage, actor bios and trivia, will also be included in the second-screen experience for select programming. Considering *Netflix Just For Kids* was added to Xbox in August and a June Nickelodeon deal will see more kids content added to the system, Microsoft's plan for enhancing the connected living room for kids and families is charging ahead.

The app also leverages Microsoft Kinect's voice controls, lets users pick plays via mobile device for *Madden NFL 13*, and can turn second screens into keyboards for web browsing on the Xbox.

"If you look at the industry, the second-screen experience is something everyone is interested in, from content providers to TV and phone manufacturers, and the technology is taking off even faster than we imagined," says Worthington.

"We're learning how to make the technology meaningful for users, so they don't have to do a lot of work that might distract them from what they're watching."

For Rae, Microsoft's take on the connected living room seems to be moving in the right direction.

"If you can watch your favorite football team through Xbox 360 and check stats and other additional information on a small tablet at the same time, that's going to be really fun," he says.

Offering fun, new gaming experiences is also part of Sony PlayStation's philosophy and it used E3 to showcase its new cross-play functionality for the portable PS Vita handheld device and the PS3 console.

PLAY PATTERNS

Not unlike *SmartGlass*, Sony's cross play for select Vita and PS3 games (like the upcoming *PlayStation All-Stars Battle Royale*) will allow users to save a game on one Sony device and pick up where they left off on another. In addition, the new mechanism enables players to compete against each other in real time, regardless of the Sony console they use.

Sony also expects to launch new downloadable content this holiday season for both Vita and PS3. A cross-play controller will be available first for the kid-friendly *Little Big Planet 2* for PS3. The content allows users to play and share games using the PS3 and the Vita together. In essence, the Vita becomes an enhanced PS3 controller and will even let players design levels in the *Little Big Planet* world using the Vita's touchscreen.

"The technology is becoming much more exciting and it's up to us to make sure cross play works for games," says Matt Levitan, director of marketing for PlayStation Canada.

"We are also looking at some second-screen applications that might be more content related than game related, like possibly being able to view flashbacks on your phone or Vita for a very narrative-driven game. Adding new content that complements a story, as opposed to just pumping out games for the sake of releasing them, is the better way to go for our customers."

While cross play adds new dimensions to the Sony gaming experience, perhaps the most innovative concept Sony announced at E3 was Wonderbook—interactive technology that utilizes augmented reality and the PlayStation Move to bring books to life. Launching in time for the holidays, the J.K. Rowling-inspired *Book of Spells* is Wonderbook's first title and it could breathe new life into Sony's kids and family portfolio.

FOR THE KIDS

Whether combining interactive books or mobile devices with more immersive screen experiences, console makers are out to prove that second-screen gaming has a legitimate future.

Time will ultimately tell if the second-screen experience catches on for good, but one thing is certain, kids will play a major role in determining its future.

"Kids are absolutely defining control and play mechanisms, and how we consume entertainment," says Rae.

Buckleitner concurs. "The lesson in the kids space is that developers should be more in tune than ever to play patterns to really know how kids think." □



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VP & PUBLISHER

Jocelyn Christie jchristie@brunico.com

EDITORIAL

Lana Castleman Editor lcastleman@brunico.com

Jeremy Dickson Editor, iKids jdickson@brunico.com

Kate Calder Features Editor kcalder@brunico.com

Gary Rusak Senior Writer grusak@brunico.com

Writers and Contributors Brendan Christie (Toronto)

BUSINESS DEVELOPMENT AND ADVERTISING SALES

(416) 408-2300, 1-800-KID-4512

Myles Hobbs Associate Publisher mhobbs@brunico.com

Nathaniel Martin Account Manager nmartin@brunico.com

Jonathan Abraham Account Manager jabraham@brunico.com

Vakis Boutsalis Marketing Coordinator vboutsalis@brunico.com

CREATIVE

Creative Director **Stephen Stanley** sstanley@brunico.com

Art Director **Andrew Glowala** aglowala@brunico.com

Production/Distribution Supervisor **Robert Lines** rlines@brunico.com

AUDIENCE SERVICES

Director of Audience Services and Production

Jennifer Colvin jcolvin@brunico.com

Manager, Audience Services

Deborah Brewster dbrewster@brunico.com

CORPORATE

President & CEO **Russell Goldstein** rgoldstein@brunico.com

VP & Editorial Director **Mary Maddever** mmaddever@brunico.com

VP of Finance & Administration **Linda Lovegrove** lllovegrove@brunico.com

VP & Chief Information Officer **Omri Tintpulver** otintpulver@brunico.com

VP & Realscreen Publisher **Claire Macdonald** cmacdonald@brunico.com

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kidscreencustomerservice@brunico.com

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